



Press Release
NTPC Vidyut Vyapar Nigam Limited
September 18, 2024
Rating Reaffirmed and Withdrawn

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|---|---------------------|-------------------------------------|-------------------------------------|
| Bank Loan Ratings | 150.00 | ACUITE AA+ Reaffirmed & Withdrawn | - |
| Bank Loan Ratings | 650.00 | Not Applicable Withdrawn | - |
| Bank Loan Ratings | 3030.00 | - | ACUITE A1+ Reaffirmed & Withdrawn |
| Bank Loan Ratings | 470.00 | - | Not Applicable Withdrawn |
| Total Outstanding Quantum (Rs. Cr) | 0.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 4300.00 | - | - |

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE AA+**' (read as **ACUITE double A plus**) and the short-term rating of '**ACUITE A1+**' (read as **ACUITE A one plus**) on the Rs. 3180.00 Cr. bank facilities of NTPC Vidyut Vyapar Nigam Limited (NVVN). Further Acuite has withdrawn the proposed Long-term rating on the Rs. 650.00 crore bank facilities and proposed Short-term rating on the Rs. 470.00 crore bank facilities of NTPC Vidyut Vyapar Nigam Limited (NVVN) without assigning any rating as it is a proposed facility. The rating withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument. The rating has been withdrawn on account of the request received from the company along with No objection certificate received from the lender.

Rationale for rating

The rating continues to take into account benefits derived from strong parent entity i.e. NTPC Limited which remains a pioneer in the Indian power industry and is the largest power generation company in India. NTPC Limited is an Indian Central Public Sector Undertaking under the Ministry of Power and Government of India which is primarily engaged into

generation of electricity and other activities. NTPC has a total installed capacity of 74.64 GW (including 15.56 GW through Joint Venture/Subsidiaries). NTPC Limited has extended operational, financial and managerial support to NVVN. NTPC Limited along with its subsidiaries also sells power to NVVN, which is further sold by the latter to various State Electricity Boards (SEBs), State Power Utilities (SPUs) and Discoms. Furthermore, the operational support provided by the top management of NTPC have enabled NVVN to establish healthy relationships with its customers.

The rating also draws comfort from the improvement in financial performance of the company marked by revenue growth of ~19% YoY and stood at Rs.5297.66 Cr. . during FY24 as against Rs. 4440.17 Cr. during FY23. Also, EBITDA margin of the company witnessed improvement to 3.94% in FY24 compared to 2.08% in FY23. The rating also factors in the comfortable financial risk profile of the company with healthy tangible net worth, comfortable gearing and strong coverage. The ratings are however, constrained by higher gross current asset days and elongated debtors' days led by counter party credit risk.

About the Company

NVVN was incorporated in November 2002, as a wholly owned subsidiary of NTPC Limited which is under the ownership of Gol. NVVN is engaged in the business of sale and purchase of electric power and holds Category-I license issued by Central Electricity Regulatory Commission (CERC) of India permitting unlimited trading of power. The company also trade power on energy exchange in DAM (Day-Ahead Market), TAM (Term Ahead Market), RTM (Real Time Market) and Energy Saving Certificate (ESCerts). NVVN is designated as nodal agency for cross-border power trading with Bangladesh, Bhutan and Nepal. Presently, power is being exported by the company to Bangladesh and Nepal. NVVN has also diversified into segments such as renewable projects, EMobility and Waste to Energy. NVVN has entered into MoU with Directorate of Transport (DoT), Andaman & Nicobar Islands and supplied 40 electric buses on hire along with associated infrastructure for contract duration of 10 years in ecologically sensitive zone. The present directors of the company are Mr. Ajay Dua, Mr. Shivam Srivastav and Ms. Rachana Singh Bhal. The registered office of the company is in New Delhi.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of NVVN to arrive at the rating while taking into account the inherent support from NTPC Limited, given its 100 per cent ownership in the company.

Key Rating Drivers

Strengths

Established presence in the power industry

NVVN has been into business of power trading since November 2002 and is the 2nd largest power trader after PTC India in terms of electricity transacted in India as on date. It holds Category-I power trading license wherein there is no trading limit. NVVN is designated as nodal agency for cross-border power trading with Bangladesh, Bhutan and Nepal. NVVN has also been designated as nodal agency for Jawaharlal Nehru National Solar Mission (JNNSM) phase-I, which envisages setting up of 1000 MW solar capacity with a mandate for purchase of power from the solar developers and for sale of such power, bundled with the power sourced from NTPC coal power stations in the ratio of 1:1 to State Discoms. Solar capacity up to 733 MW is presently operational under the mission and solar power bundled with thermal power is being supplied by NVVN to 13 states in various power region. NVVN's trading portfolio includes Bilateral/ Swap Power, Solar Bundled Power, Power Banking and Power Exchange (DAM, TAM, RTM, REC/ ESCerts and G-TAM). The company carries out energy trading operations on a commission basis and recognizes revenue from contracts for commission for trading on energy exchange over time as the customers simultaneously receive and consume the benefits. The commission for trading of energy on exchange is determined as per the terms of the agreement. NVVN has also diversified into segments such as renewable projects, EMobility and Waste to Energy. NVVN has entered into MoU with Directorate of Transport (DoT), Andaman & Nicobar Islands and supplied 40 electric buses on hire along with associated infrastructure for contract duration of 10 years in ecologically sensitive zone. Furthermore, the company has also supplied 90 electric busses in Bangalore, Karnataka.

Improvement in financial performance

The total operating income of the company stood at Rs.5297.66 Cr. during FY24 as against Rs.4440.17 Cr. during FY23 reflecting a YoY growth of 19.31% during the period. The increase in revenues is majorly on account of increase in power trading business. Furthermore, the revenues of the company stood at Rs.1340.20 Cr. in Q1FY25. Despite company entering into various segment, power trading is expected to be major revenue source. The EBITDA margin of the company stood at to 3.94% in FY24 compared to 2.08 % in FY23. The net profit of the

company Rs.160.94 Cr. in FY24 as against Rs.175.90 Cr. in FY23. The company further reported net profit of Rs.51.55 Cr. in Q1FY25 vis-à-vis Rs.43.97 Cr. during same period last year. Acuite believes that with the company venturing into new segment and increase in power demand, the operating income of NVVNL is expected to increase going forward.

Comfortable financial risk profile

The financial risk profile of NVVNL remained comfortable majorly on account of strong networth moderate gearing and comfortable debt protection matrices. The net worth of the company stood at Rs.854.37 Cr. as on March 31, 2024 as against Rs.718.89 Cr. as on March 31, 2023. The improvement in net worth mainly on account of accretion of profit to reserves. The company's overall gearing stood at 1.42 times as on March 31, 2024. Also, the debt coverage indicators remained comfortable, marked by interest coverage ratio (ICR) of 7.91 times and Debt Service Coverage Ratio of 5.09 times for FY24.

Weaknesses

Elongation in Gross Current Asset days

NVVNL has working capital intensive nature of operations as evident from gross current assets (GCA) of 241 days for FY24 as against 178 days for FY23. The same was mainly on account of elongation in debtors days (including unbilled revenue) from 214 days for FY24 to 178 days for FY23. For sales under JNNSM Phase-I, there is presence of three payment security mechanisms, Letter of credit issued by banks on behalf of SEBs/SPUs, Budgetary support from the Ministry of New and Renewable Energy (MNRE), against liquidated bank guarantees of solar power developers.

Counterparty credit risk

NVVNL is dealing with SEBs, SPUs and Discoms which exposes it to high counterparty risk and thus timely collection of receivables remains a key rating sensitivity factor. The receivables (including unbilled revenue) remained at Rs.3,090.21 Cr. as on March 31, 2024 as against Rs.1,924.29 Cr. as on March 31, 2023. The increase in receivables is mostly covered by corresponding increase in payables, thereby partially setting off the risk. Any adverse movement in the financial profile as well as liquidity position of counterparties, could lead to delay in realization of receivables and would remain a key monitorable.

Rating Sensitivities

Not Applicable

Liquidity Position

Strong

The liquidity profile of the company continues to remain strong led by Net cash accruals of Rs.177.97 Cr. in FY24 as against matured debt obligation of Rs.8.33 Cr. during the same period. Furthermore, the unencumbered cash and bank balance remained at Rs.395.96 Cr. as on March 31, 2024, and the current ratio stood comfortable at 1.17 times during the same period. Acuite believes that the liquidity profile of the company will continue to remain strong on account of healthy net cash accruals against matured debt obligations.

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

| Particulars | Unit | FY 24 (Actual) | FY 23 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income | Rs. Cr. | 5297.66 | 4440.17 |
| PAT | Rs. Cr. | 160.94 | 175.90 |
| PAT Margin | (%) | 3.04 | 3.96 |
| Total Debt/Tangible Net Worth | Times | 1.42 | 0.21 |
| PBDIT/Interest | Times | 7.91 | 14.94 |

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|------------------------------------|------------|-----------------|----------------------------------|
| 17 May 2024 | Term Loan | Long Term | 150.00 | ACUITE AA+ Stable (Reaffirmed) |
| | Proposed Long Term Bank Facility | Long Term | 650.00 | ACUITE AA+ Stable (Assigned) |
| | Letter of Credit | Short Term | 600.00 | ACUITE A1+ (Reaffirmed) |
| | Working Capital Demand Loan (WCDL) | Short Term | 800.00 | ACUITE A1+ (Reaffirmed) |
| | Working Capital Demand Loan (WCDL) | Short Term | 850.00 | ACUITE A1+ (Reaffirmed) |
| | Working Capital Demand Loan (WCDL) | Short Term | 200.00 | ACUITE A1+ (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 80.00 | ACUITE A1+ (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 300.00 | ACUITE A1+ (Reaffirmed) |
| | Proposed Short Term Bank Facility | Short Term | 320.00 | ACUITE A1+ (Reaffirmed) |
| | Proposed Short Term Bank Facility | Short Term | 150.00 | ACUITE A1+ (Assigned) |
| | Working Capital Demand Loan (WCDL) | Short Term | 200.00 | ACUITE A1+ (Reaffirmed) |
| | | | | |
| 02 Nov 2023 | Term Loan | Long Term | 30.00 | ACUITE AA+ Stable (Reaffirmed) |
| | Proposed Long Term Bank Facility | Long Term | 708.00 | ACUITE AA+ Stable (Assigned) |
| | Proposed Long Term Bank Facility | Long Term | 62.00 | ACUITE AA+ Stable (Reaffirmed) |
| | Letter of Credit | Short Term | 250.00 | ACUITE A1+ (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 350.00 | ACUITE A1+ (Reaffirmed) |
| | Working Capital Demand Loan (WCDL) | Short Term | 350.00 | ACUITE A1+ (Reaffirmed) |
| | Working Capital Demand Loan (WCDL) | Short Term | 150.00 | ACUITE A1+ (Reaffirmed) |
| | Working Capital Demand Loan (WCDL) | Short Term | 150.00 | ACUITE A1+ (Reaffirmed) |
| | Working Capital Demand Loan (WCDL) | Short Term | 300.00 | ACUITE A1+ (Assigned) |
| | Working Capital Demand Loan (WCDL) | Short Term | 200.00 | ACUITE A1+ (Assigned) |
| | Bank Guarantee (BLR) | Short Term | 80.00 | ACUITE A1+ (Assigned) |
| | Bank Guarantee (BLR) | Short Term | 300.00 | ACUITE A1+ (Reaffirmed) |
| | Proposed Short Term Bank Facility | Short Term | 570.00 | ACUITE A1+ (Reaffirmed) |
| | Working Capital Demand Loan (WCDL) | Long Term | 150.00 | ACUITE AA+ Stable (Reaffirmed) |
| | Working Capital Demand Loan (WCDL) | Long Term | 150.00 | ACUITE AA+ Stable (Assigned) |
| | | Long | | ACUITE AA+ Stable |

| | | | | |
|-------------|------------------------------------|------------|--------|----------------------------------|
| 30 Aug 2022 | Term Loan | Term | 112.00 | (Assigned) |
| | Proposed Working Capital Term Loan | Short Term | 460.00 | ACUITE A1+ (Reaffirmed) |
| | Letter of Credit | Short Term | 200.00 | ACUITE A1+ (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 350.00 | ACUITE A1+ (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 350.00 | ACUITE A1+ (Reaffirmed) |
| | Bills Discounting | Short Term | 350.00 | ACUITE A1+ (Assigned) |
| | Proposed Working Capital Term Loan | Short Term | 90.00 | ACUITE A1+ (Assigned) |
| 09 Aug 2022 | Letter of Credit | Short Term | 200.00 | ACUITE A1+ (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 350.00 | ACUITE A1+ (Reaffirmed) |
| | Letter of Credit | Short Term | 200.00 | ACUITE A1+ (Reaffirmed) |
| | Bank Guarantee (BLR) | Short Term | 200.00 | ACUITE A1+ (Reaffirmed) |
| | Working Capital Demand Loan (WCDL) | Long Term | 400.00 | ACUITE AA+ Stable (Reaffirmed) |
| | Working Capital Demand Loan (WCDL) | Long Term | 10.00 | ACUITE AA+ Stable (Reaffirmed) |
| | Working Capital Demand Loan (WCDL) | Long Term | 150.00 | ACUITE AA+ Stable (Reaffirmed) |
| 07 Jun 2021 | Working Capital Demand Loan (WCDL) | Long Term | 150.00 | ACUITE AA+ Stable (Assigned) |
| | Working Capital Demand Loan (WCDL) | Long Term | 10.00 | ACUITE AA+ Stable (Assigned) |
| | Working Capital Demand Loan (WCDL) | Long Term | 400.00 | ACUITE AA+ Stable (Assigned) |
| | Letter of Credit | Short Term | 200.00 | ACUITE A1+ (Assigned) |
| | Letter of Credit | Short Term | 200.00 | ACUITE A1+ (Assigned) |
| | Bank Guarantee (BLR) | Short Term | 200.00 | ACUITE A1+ (Assigned) |
| | Bank Guarantee (BLR) | Short Term | 350.00 | ACUITE A1+ (Assigned) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Complexity Level | Quantum (Rs. Cr.) | Rating |
|---------------------|----------------------|-------------------------------------|----------------------|----------------------|----------------------|------------------|-------------------|-------------------------------------|
| HDFC Bank Ltd | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 80.00 | ACUITE A1+ Reaffirmed & Withdrawn |
| ICICI Bank Ltd | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 300.00 | ACUITE A1+ Reaffirmed & Withdrawn |
| State Bank of India | Not avl. / Not appl. | Letter of Credit | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 600.00 | ACUITE A1+ Reaffirmed & Withdrawn |
| Not Applicable | Not avl. / Not appl. | Proposed Long Term Bank Facility | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 650.00 | Not Applicable Withdrawn |
| Not Applicable | Not avl. / Not appl. | Proposed Short Term Bank Facility | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 470.00 | Not Applicable Withdrawn |
| State Bank of India | Not avl. / Not appl. | Term Loan | 15 Jan 2024 | Not avl. / Not appl. | 15 Jan 2036 | Simple | 150.00 | ACUITE AA+ Reaffirmed & Withdrawn |
| Karnataka Bank Ltd | Not avl. / Not appl. | Working Capital Demand Loan (WC DL) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 200.00 | ACUITE A1+ Reaffirmed & Withdrawn |
| State Bank of India | Not avl. / Not appl. | Working Capital Demand Loan (WC DL) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 800.00 | ACUITE A1+ Reaffirmed & Withdrawn |
| ICICI Bank Ltd | Not avl. / Not appl. | Working Capital Demand Loan (WC DL) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 850.00 | ACUITE A1+ Reaffirmed & Withdrawn |
| HDFC Bank Ltd | Not avl. / Not appl. | Working Capital Demand Loan (WC DL) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 200.00 | ACUITE A1+ Reaffirmed & Withdrawn |

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

| Sr.No. | Company Name |
|--------|----------------------------------|
| 1 | NTPC Vidyut Vyapar Nigam Limited |
| 2 | NTPC Limited |

Contacts

| Analytical | Rating Desk |
|--|---|
| Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Manish Bankoti Associate Analyst-Rating Operations Tel: 022-49294065 manish.bankoti@acuite.in | Varsha Bist Associate Vice President-Rating Administration Tel: 022-49294011 rating.desk@acuite.in |

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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